

House File 2687 - Reprinted

HOUSE FILE _____
BY COMMITTEE ON WAYS AND MEANS
(SUCCESSOR TO HF 2351)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to certain economic development programs by
2 providing tax credits for the redevelopment of underutilized
3 properties, and including effective date and retroactive
4 applicability date provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 6094HV 82
7 tw/sc/14

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1 1 Section 1. Section 15.291, Code 2007, is amended to read
1 2 as follows:
1 3 15.291 DEFINITIONS.
1 4 As used in this part, unless the context otherwise
1 5 requires:
1 6 1. "Brownfield site" means an abandoned, idled, or
1 7 underutilized industrial or commercial facility where
1 8 expansion or redevelopment is complicated by real or perceived
1 9 environmental contamination. A brownfield site includes
1 10 property contiguous with the property on which the individual
1 11 or commercial facility is located. A brownfield site ~~shall~~
1 12 ~~does not include property which has been placed, or is~~
1 13 ~~proposed to be included for placement,~~ on the national
1 14 priorities list established pursuant to the federal
1 15 Comprehensive Environmental Response, Compensation, and
1 16 Liability Act, 42 U.S.C. } 9601 et seq.
1 17 2. "Council" means the brownfield redevelopment advisory
1 18 council established in section 15.294.
1 19 3. "Grayfield site" means an industrial or commercial
1 20 property meeting all of the following requirements:
1 21 a. The property has been developed and has infrastructure
1 22 in place but the property's current use is outdated or
1 23 prevents a better or more efficient use of the property. Such
1 24 property includes vacant, blighted, obsolete, or otherwise
1 25 underutilized property.
1 26 b. The property's improvements and infrastructure are at
1 27 least twenty-five years old and one or more of the following
1 28 conditions exists:
1 29 (1) Thirty percent or more of a building located on the
1 30 property that is available for occupancy has been vacant or
1 31 unoccupied for a period of twelve months or more.
1 32 (2) The assessed value of the improvements on the property
1 33 has decreased by twenty-five percent or more.
1 34 (3) The property is currently being used as a parking lot.
1 35 (4) The improvements on the property no longer exist.
2 1 4. "Green development" means development which meets or
2 2 exceeds the sustainable design standards established by the
2 3 state building code commissioner pursuant to section 103A.8B.
2 4 5. "Qualifying investment" means the purchase price, the
2 5 cleanup costs, and the redevelopment costs directly related to
2 6 a qualifying redevelopment project.
2 7 6. "Qualifying redevelopment project" means a brownfield
2 8 or a grayfield site being redeveloped or improved by the
2 9 property owner. Qualifying redevelopment project does not
2 10 include a previously remediated or redeveloped brownfield
2 11 site.
2 12 2- 7. "Sponsorship" means an agreement between a city or
2 13 county and an applicant for assistance under the brownfield
2 14 redevelopment program where the city or county agrees to offer
2 15 assistance or guidance to the applicant.
2 16 Sec. 2. NEW SECTION. 15.293A REDEVELOPMENT TAX CREDITS.

2 17 1. a. A redevelopment tax credit shall be allowed against
2 18 the taxes imposed in chapter 422, divisions II, III, and V,
2 19 and in chapter 432, and against the moneys and credits tax
2 20 imposed in section 533.329, for a portion of a taxpayer's
2 21 equity investment, as provided in subsection 2, in a
2 22 qualifying redevelopment project.

2 23 b. An individual may claim a tax credit under this
2 24 subsection of a partnership, limited liability company, S
2 25 corporation, estate, or trust electing to have income taxed
2 26 directly to the individual. The amount claimed by the
2 27 individual shall be based upon the pro rata share of the
2 28 individual's earnings from the partnership, limited liability
2 29 company, S corporation, estate, or trust.

2 30 c. Any tax credit in excess of the taxpayer's liability
2 31 for the tax year is not refundable but may be credited to the
2 32 tax liability for the following five years or until depleted,
2 33 whichever is earlier. A tax credit shall not be carried back
2 34 to a tax year prior to the tax year in which the taxpayer
2 35 first receives the tax credit.

3 1 1A. a. To claim a redevelopment tax credit under this
3 2 section, a taxpayer must attach one or more tax credit
3 3 certificates to the taxpayer's tax return. A tax credit
3 4 certificate shall not be used or attached to a return filed
3 5 for a taxable year beginning prior to July 1, 2009 or for a
3 6 taxable year beginning on or after July 1, 2016. The tax
3 7 credit certificate or certificates attached to the taxpayer's
3 8 tax return shall be issued in the taxpayer's name, expire on
3 9 or after the last day of the taxable year for which the
3 10 taxpayer is claiming the tax credit, and show a tax credit
3 11 amount equal to or greater than the tax credit claimed on the
3 12 taxpayer's tax return.

3 13 b. After verifying the eligibility of a qualifying
3 14 investor for a tax credit pursuant to this section, the
3 15 department of economic development shall issue a redevelopment
3 16 tax credit certificate to be attached to the investor's tax
3 17 return. The tax credit certificate shall contain the
3 18 taxpayer's name, address, tax identification number, the
3 19 amount of the credit, the name of the qualifying investor, any
3 20 other information required by the department of revenue, and a
3 21 place for the name and tax identification number of a
3 22 transferee and the amount of the tax credit being transferred.

3 23 c. The tax credit certificate, unless rescinded by the
3 24 board, shall be accepted by the department of revenue as
3 25 payment for taxes imposed pursuant to chapter 422, divisions
3 26 II, III, and V, and in chapter 432, and for the moneys and
3 27 credits tax imposed in section 533.329, subject to any
3 28 conditions or restrictions placed by the board upon the face
3 29 of the tax credit certificate and subject to the limitations
3 30 of this section.

3 31 d. Tax credit certificates issued under this section may
3 32 be transferred to any person or entity. Within ninety days of
3 33 transfer, the transferee shall submit the transferred tax
3 34 credit certificate to the department of revenue along with a
3 35 statement containing the transferee's name, tax identification
4 1 number, and address, the denomination that each replacement
4 2 tax credit certificate is to carry, and any other information
4 3 required by the department of revenue.

4 4 e. Within thirty days of receiving the transferred tax
4 5 credit certificate and the transferee's statement, the
4 6 department of revenue shall issue one or more replacement tax
4 7 credit certificates to the transferee. Each replacement tax
4 8 credit certificate must contain the information required for
4 9 the original tax credit certificate and must have the same
4 10 expiration date that appeared in the transferred tax credit
4 11 certificate. Tax credit certificate amounts of less than the
4 12 minimum amount established by rule of the department of
4 13 economic development shall not be transferable.

4 14 f. A tax credit shall not be claimed by a transferee under
4 15 this section until a replacement tax credit certificate
4 16 identifying the transferee as the proper holder has been
4 17 issued. The transferee may use the amount of the tax credit
4 18 transferred against the taxes imposed in chapter 422,
4 19 divisions II, III, and V, and in chapter 432, and against the
4 20 moneys and credits tax imposed in section 533.329, for any tax
4 21 year the original transferor could have claimed the tax
4 22 credit. Any consideration received for the transfer of the
4 23 tax credit shall not be included as income under chapter 422,
4 24 divisions II, III, and V, under chapter 432, or against the
4 25 moneys and credits tax imposed in section 533.329. Any
4 26 consideration paid for the transfer of the tax credit shall
4 27 not be deducted from income under chapter 422, divisions II,

4 28 III, and V, under chapter 432, or against the moneys and
4 29 credits tax imposed in section 533.329.

4 30 2. The amount of the tax credit shall equal one of the
4 31 following:

4 32 a. Twelve percent of the taxpayer's qualifying investment
4 33 in a grayfield site.

4 34 b. Fifteen percent of the taxpayer's qualifying investment
4 35 in a grayfield site if the qualifying redevelopment project
5 1 meets the requirements of a green development.

5 2 c. Twenty-four percent of the taxpayer's qualifying
5 3 investment in a brownfield site.

5 4 d. Thirty percent of the taxpayer's qualifying investment
5 5 in a brownfield site if the qualifying redevelopment project
5 6 meets the requirements of a green development.

5 7 3. For purposes of individual and corporate income taxes
5 8 and the franchise tax, the increase in the basis of the
5 9 redeveloped property that would otherwise result from the
5 10 qualified redevelopment costs shall be reduced by the amount
5 11 of the credit computed under this part.

5 12 4. The maximum amount of a tax credit for a qualifying
5 13 investment in any one qualifying redevelopment project shall
5 14 not exceed twenty percent of the maximum amount of tax credits
5 15 available in any one fiscal year pursuant to subsection 5.

5 16 5. For the fiscal year beginning July 1, 2008, the maximum
5 17 amount of tax credits issued by the department shall not
5 18 exceed three million dollars. For the fiscal year beginning
5 19 July 1, 2009, the maximum amount of tax credits issued by the
5 20 department shall not exceed six million dollars. For the
5 21 fiscal year beginning July 1, 2010, and for every fiscal year
5 22 thereafter, the maximum amount of tax credits issued by the
5 23 department shall not exceed ten million dollars.

5 24 6. An investment shall be deemed to have been made on the
5 25 date the qualifying redevelopment project is completed. An
5 26 investment made prior to January 1, 2008, shall not qualify
5 27 for a tax credit under this part.

5 28 6A. A qualifying redevelopment project that is not
5 29 completed within thirty months after issuance of an approval
5 30 for the project by the board shall cease to be eligible for a
5 31 tax credit pursuant to this section, however, the board in its
5 32 discretion may provide for an additional twelve-month period
5 33 in which to complete a project.

5 34 7. The department shall develop a system for registration
5 35 and authorization of tax credits authorized pursuant to this
6 1 part and shall control distribution of all tax credits
6 2 distributed to investors pursuant to this part. In developing
6 3 the system, the department shall provide for a list of
6 4 applicants for the tax credit and maintain it from year to
6 5 year so that if the maximum aggregate amount of tax credits is
6 6 reached in one year, an applicant can be given priority
6 7 consideration for the credit in an ensuing year.

6 8 8. The department shall develop rules for the
6 9 qualification of qualifying redevelopment projects and
6 10 qualifying investments. The department of revenue shall adopt
6 11 these criteria as administrative rules and shall adopt any
6 12 other rules pursuant to chapter 17A necessary for the
6 13 administration of this part.

6 14 9. The department may cooperate with the department of
6 15 natural resources and local governments in an effort to
6 16 disseminate information regarding the availability of tax
6 17 credits for investments in qualifying redevelopment projects
6 18 under this part.

6 19 10. If the maximum amount of tax credits available has not
6 20 been issued at the end of a fiscal year, the remaining tax
6 21 credit amount may be carried over to a subsequent fiscal year
6 22 or may be issued in advance to qualifying redevelopment
6 23 projects for a subsequent fiscal year. Whenever the council
6 24 approves a tax credit which has not been allocated at the end
6 25 of a fiscal year, the department may prorate the remaining
6 26 credit amount to more than one eligible applicant.

6 27 11. If the recipient of a tax credit issued pursuant to
6 28 this section has also applied to the department, the board, or
6 29 any other agency of state government for additional financial
6 30 assistance, the department, the board, or agency of state
6 31 government shall not consider the receipt of a tax credit
6 32 issued pursuant to this section when considering the
6 33 application for additional financial assistance.

6 34 12. This section is repealed June 30, 2016.

6 35 Sec. 3. NEW SECTION. 15.293B APPROVAL == REQUIREMENTS ==

7 1 REPAYMENT.

7 2 1. An investor seeking to claim a tax credit pursuant to
7 3 section 15.293A shall apply to the council which shall have

7 4 the power to approve the amount of tax credit available for
7 5 each qualifying redevelopment project.

7 6 2. An investor applying for a tax credit shall provide the
7 7 council with all of the following:

7 8 a. Information showing the total costs of the qualifying
7 9 redevelopment project, including the costs of land
7 10 acquisition, cleanup, and redevelopment.

7 11 b. Information about the financing sources of the
7 12 investment which are directly related to the qualifying
7 13 redevelopment project for which the taxpayer is seeking
7 14 approval for a tax credit, as provided in section 15.293A.

7 15 3. If a taxpayer receives a tax credit pursuant to section
7 16 15.293A, but fails to comply with any of the requirements, the
7 17 taxpayer loses any right to the tax credit, and the department
7 18 of revenue shall seek recovery of the value of the credit
7 19 received.

7 20 4. This section is repealed June 30, 2016.

7 21 Sec. 4. Section 15.294, Code 2007, is amended by adding
7 22 the following new subsection:

7 23 NEW SUBSECTION. 4. a. The council shall consider
7 24 applications for redevelopment tax credits as described in
7 25 sections 15.293A and 15.293B, and the council may approve the
7 26 amount of such tax credits for qualifying investments in
7 27 qualifying redevelopment projects.

7 28 b. This subsection is repealed June 30, 2016.

7 29 Sec. 5. Section 103A.3, Code 2007, is amended by adding
7 30 the following new subsection:

7 31 NEW SUBSECTION. 23. "Sustainable design" means
7 32 construction design intended to minimize negative
7 33 environmental impacts and to promote the health and comfort of
7 34 building occupants including but not limited to measures to
7 35 reduce consumption of nonrenewable resources, minimize waste,
8 1 and create healthy, productive environments.

8 2 Sec. 6. Section 103A.7, Code 2007, is amended by adding
8 3 the following new subsection:

8 4 NEW SUBSECTION. 7. Standards for sustainable design, also
8 5 known and referred to as green building standards.

8 6 Sec. 7. NEW SECTION. 103A.8B SUSTAINABLE DESIGN OR GREEN
8 7 BUILDING STANDARDS.

8 8 The commissioner, after consulting with and receiving
8 9 recommendations from the department of natural resources and
8 10 the office of energy independence, shall adopt rules pursuant
8 11 to chapter 17A specifying standards and requirements for
8 12 sustainable design and construction based upon or
8 13 incorporating nationally recognized ratings, certifications,
8 14 or classification systems, and procedures relating to
8 15 documentation of compliance. The standards and requirements
8 16 shall be incorporated into the state building code established
8 17 in section 103A.7, but in lieu of general applicability and
8 18 shall apply to construction projects only if such
8 19 applicability is expressly authorized by statute, or as
8 20 established by other state agencies by rule.

8 21 Sec. 8. NEW SECTION. 422.11V REDEVELOPMENT TAX CREDIT.

8 22 1. The taxes imposed under this division, less the credits
8 23 allowed under section 422.12, shall be reduced by a
8 24 redevelopment tax credit allowed under chapter 15, part 9.

8 25 2. This section is repealed June 30, 2016.

8 26 Sec. 9. Section 422.33, Code Supplement 2007, is amended
8 27 by adding the following new subsection:

8 28 NEW SUBSECTION. 25. a. The taxes imposed under this
8 29 division shall be reduced by a redevelopment tax credit
8 30 allowed under chapter 15, part 9.

8 31 b. This subsection is repealed June 30, 2016.

8 32 Sec. 10. Section 422.60, Code Supplement 2007, is amended
8 33 by adding the following new subsection:

8 34 NEW SUBSECTION. 15. a. The taxes imposed under this
8 35 division shall be reduced by a redevelopment tax credit
9 1 allowed under chapter 15, part 9.

9 2 b. This subsection is repealed June 30, 2016.

9 3 Sec. 11. NEW SECTION. 432.12L REDEVELOPMENT TAX CREDIT.

9 4 1. The taxes imposed under this chapter shall be reduced
9 5 by a redevelopment tax credit allowed under chapter 15, part
9 6 9.

9 7 2. This section is repealed June 30, 2016.

9 8 Sec. 12. Section 533.329, subsection 2, Code Supplement
9 9 2007, is amended by adding the following new paragraph:

9 10 NEW PARAGRAPH. n. (1) The moneys and credits tax imposed
9 11 under this section shall be reduced by a redevelopment tax
9 12 credit allowed under chapter 15, part 9.

9 13 (2) This paragraph "n" is repealed June 30, 2016.

9 14 Sec. 13. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.

9 15 This Act, being deemed of immediate importance, takes effect
9 16 upon enactment and applies retroactively to January 1, 2008,
9 17 for tax years beginning on or after that date.
9 18 HF 2687
9 19 tw/jg/25